

15G - HOUSING/COMMUNITY DEVELOPMENT

Operational Summary

Mission:

To work in partnership with Orange County's diverse communities to preserve and expand affordable housing opportunities, strengthen economic viability and enhance the livability of neighborhoods.

Strategic Goals:

- Increase and preserve affordable housing opportunities, especially for those most in need.
- Enhance the livability of the County's target neighborhoods.
- Strengthen economic viability of communities.

Key Outcome Measures:

Performance Measure	2001 Business Plan Results	2002 Business Plan Target	How are we doing?
REDUCE PERCENT OF AFFORDABLE HSG OPPORTUNITIES NEEDED AS ID BY THE REGIONAL HOUSING NEEDS ASSESSMENT What: AHO's include creating new and preserving existing affordable housing units and adding housing vouchers. Why: Increasing affordable housing opportunities will help bridge the gap in the OC housing market.	H&CD committed up to \$10M for the development of 700 affordable housing units through a Notice of Funding Availability. HUD awarded H&CD 820 additional Section 8 Housing Vouchers for over \$5M annually in monthly rental assistance payments.	Targets include issuing a \$13M Notice of Funding Availability (NOFA) for the development of 850 affordable housing units and applying for and receiving additional Housing Vouchers from HUD for rent subsidies.	Over two years, H&CD increased number of housing vouchers by 1,560 and broke ground on housing developments that include 697 affordable units. H&CD projects received more State housing tax credits than any other Calif. Jurisdiction and leveraged \$9.3M investment into over \$115M in new development funds.
LEVEL OF COMMUNITY SATISFACTION WITH NEIGHBORHOOD IMPROVEMENT RESULTING FROM COUNTY REHAB EFFORTS. What: The effect of rehabilitation efforts on a neighborhood in terms of community satisfaction. Why: Home and neighborhood enhancement contributes to higher levels of community satisfaction and pride.	H&CD's Neighborhood Preservation Program and various other County-funded city and non-profit run programs rehab'd 236 units (mobile homes, single-family homes, shelter facilities) countywide. H&CD completed a 35 single-family rehab project in target neighborhoods of Rustic Lane and Ball & Perdido.	H&CD targets include providing loans and grants through the Neighborhood Preservation Program to repair 50 mobile homes and 35 single family homes for Seniors and working families countywide and completing construction of 4 public works projects worth over \$1M in capitol improvements.	H&CD has helped the Community Revitalization Program increase it's presence in the County islands with it's extensive community contacts and federal funding assistance for public infrastructure improvements through the Application Review (ARC) process making a difference in County island neighborhoods.

At a Glance:

Total FY 2001-2002 Actual Expenditure + Encumbrance:	17,523,228
Total Final FY 2002-2003 Budget:	36,393,483
Percent of County General Fund:	N/A
Total Employees:	140.00

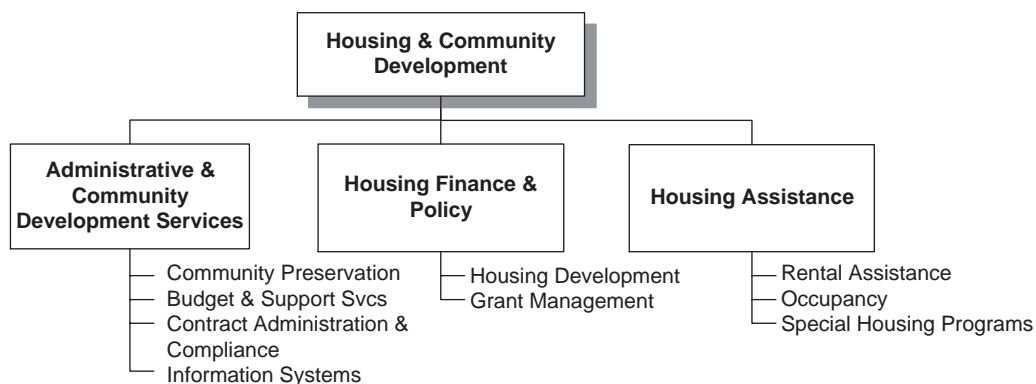
Key Outcome Measures: (Continued)

Performance Measure	2001 Business Plan Results	2002 Business Plan Target	How are we doing?
THE PERCENTAGE OF PEOPLE AND FAMILIES ON THE FSS PROGRAM WHO BECOME SELF-SUFFICIENT. What: FSS teaches job skills that enable clients to gain employment and move off public assistance. Why: As people become self-sufficient, they are able to move off of all public assistance.	H&CD's Family Self-Sufficiency (FSS) program helped 10 people become self-sufficient during FY 01-02. Through the use of the CalWORKs program people who are considered "hard-to-house" have been able to find housing.	H&CD targets include the submission of a grant application for the continued funding of the FSS administration grant and to continue working with SSA to further enhance the CalWORKs program.	FSS Program objective is for clients to be independent of welfare assistance and with 10 participants becoming self-sufficient we know that this goal is attainable. HCD has provided housing assistance to a large number of clients faster than ever, resulting in the opening of the waiting list in June 2001.
THE PERCENTAGE DECREASE IN THE NUMBER OF HOMELESS RECEIVING SHELTER AND SUPPORT SERVICES. What: It is estimated that there are over 19,000 homeless persons in Orange County on any given night. Why: As we address a lack of affordable housing, we still need to provide support services to homeless persons.	H&CD received \$8.77M through the 2001 Homeless Continuum of Care Application process (H&CD largest award to date), resulting in 59 new permanent housing units for 110 individuals, preserved 208 transitional beds & 3111 support services for 1266 families and 558 single individuals.	H&CD targets include continuing to play a strong role in the County's Continuum of Care process, which address homeless issues through the Homeless Assistance grant process and the Cold Weather Armory Emergency Shelter program.	Approximately 20 non-profit service providers and agencies will be funded through Urban County Program, SHP and OCHA Housing Support Services Program to provide housing related services to approximately 2,600 homeless during next year. H&CD will work with various organizations to provide assistance to the County's homeless.

Fiscal Year FY 2001-2002 Key Project Accomplishments:

- Ground breaking began on the housing projects selected for funding during the 1999 Request for Proposal (RFP) and 2000 Affordable Housing Notice of Funding Availability (NOFA) process. These projects will result in the creation of 697 affordable housing units throughout the County.
- Affordable homeownership programs include the continuation of the Extra-Credit Teacher Home Purchase Program and the Mortgage Assistance Program. Twenty-nine teachers were assisted in purchasing homes through the Teacher Home Purchase Program in 2001 and twice as many are expected to be assisted in year 2 of the program. New programs developed and funded in 2001 include the Homeownership for the Recruitment/Retention of Employees (HIRE) and CAL-Home Programs.
- OCHA assisted over 23,000 Orange County residents (8,300 households) with monthly rent payments through the Section 8 Rental Assistance Program, disbursing over \$65 million in annual rental subsidies to more than 3,500 participating property owners. In addition, OCHA successfully competed for additional rental assistance funding that will expand the program by 10% and serve more than 800 additional households.
- During 2001, thirty-three at-risk families were referred from the Social Services Agency (SSA), successfully leased in housing units, and reunited with their children. The Family Unification Program, a cooperative effort between SSA and H&CD has assisted a cumulative total of 228 households and reunited 501 children with their parents since the program started in 1997.
- H&CD, in cooperation with the CEO Homeless Coordinator and the Continuum of Care Leadership cabinet, was successful in receiving almost \$8.8 million in funds through the 2001 Homeless Continuum of Care Application Process. This resulted in funding for 59 new permanent housing units for 110 individuals and preserved 208 transitional beds and 3,111 supportive service opportunities for 1,266 families and 558 single individuals. To date, this is the largest allocation received by H&CD through this process.

Organizational Summary



EXECUTIVE ADMINISTRATION - Plans, organizes, administers and directs all functions related to the implementation of policies, programs and projects developed under legal authority granted to the Orange County Housing Authority, Community Development Block Grant and other similar federal, state and Orange County Development Agency funded programs. Includes Human Resources which is responsible for establishing an appropriate framework within the department so it can competitively attract and retain the best qualified employees while meeting appropriate laws and regulations and provides assistance in employee relations to ensure personnel standards and quality assurance.

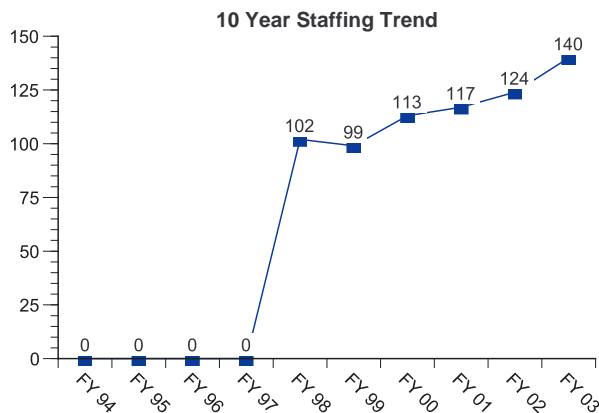
ADMIN & COMMUNITY DEVELOPMENT SVCS - The Administrative & Community Development Services Division oversees departmental community relations activities as well as revitalization activities such as public works, infrastructure improvements, and housing rehabilitation. This Division also administers subrecipient contracts funded through the CDBG, HOME, ESG, and NDAPP. Additionally this Division is responsible for environmental services, purchasing, facilities management, budget, payroll, petty cash, computer services, and general support services. It is also responsible for overall H&CD program compliance. The Division performs audit, compliance and legal notification procedures required by HUD for the department.

HOUSING FINANCE & POLICY - The Housing Finance & Policy division is new to H&CD in 2001. It oversees new housing development in the creation of multi-family rental, transitional, and homeownership projects for lower income households. As funding shrinks, this Division is charged with developing way to leverage available funding sources. This new division also is responsible for legislative analysis and grants management. Grants Management included the Application Review and Homeless Assistance Programs application processes which are competitive processes by which funding is allocated to projects.

HOUSING ASSISTANCE - The Housing Assistance Division consists of the Rental Assistance/Leasing Section, the Residency/Occupancy Section and the Special Housing Programs Section. Primarily, this division performs the operations of the Housing Authority. The Housing Authority is responsible for the disbursement of approximately \$65 million in housing subsidies annually which is not reflected in the County's budget figures. In addition, the Housing Assistance Division operates special programs such as Family Self-Sufficiency, which is designed to assist families participating in the Section 8 Rental Assistance Program to become financially independent from public assistance; Family Unification, which assists in the reunification of children with their parents; and the special needs homeless

individuals or families under the HUD Continuum of Care Program. The Housing Assistance Division has experienced growth over the past few years primarily resulting from the award of additional housing vouchers from HUD for the Section 8 Rental Assistance Program.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- Prior to FY 97/98, H&CD was a division of EMA with all of the associated positions budgeted in EMA's budget.
- H&CD staff expanded in FY 99/00 due to an organizational assessment performed by the CEO and an outside consultant. Staff was added to the following sections: 13 to the Housing Assistance activity and 1 to the Program Support activity.
- H&CD staff increased by 4 in FY 00/01 due to the expansion of the Shelter Plus Care program (1), and the creation of CalWORKs program (3). Both of these programs are in the Housing Assistance Division.
- In FY 01/02 H&CD staff increased by 7 due to an award of 740 additional housing vouchers for the Section 8 program. Six staff members were added to the Housing Assistance section and 1 was added to the Program Support section.
- In September 2001 H&CD staff increase by 19 full time positions (12 new & 7 converted from extra help). This increase was due to an award of 820 additional housing vouchers for the Section 8 program and the implementation of a successful in-house inspection program. 17 of the staff members were added to the Housing Assistance section and 2 were added to the Administrative & Community Development Services section.

- In FY 02/03 4 positions are being deleted due to the rising costs of staff, the slight decline in block grant funding and the fixed amount of administration fees received from the Federal Government to administer programs such as the Section 8 program.

Budget Summary

Plan for Support of the County's Strategic Priorities:

The budget is substantially lower than anticipated in the 2002 Strategic Plan due to a change in the allocation of H&CD's redevelopment allocation. In the FY 2002-2003 budget, H&CD did not appropriate redevelopment funds in the 15G Operational Budget. The project funds are appropriated in the funds from which they will be expended. This resulted in a budget reduction of over \$12 million. H&CD is also continuing to net the negative fund balance available against the prior and current year's encumbrances. H&CD's carry forward and negative fund balance is due, in part, to an increase in multi-year projects budgeted and encumbered at 100% in the first year. Multi-year projects budgeted this way include those funded by the SuperNOFA Homeless Assistance grant process and the block grant programs. H&CD continues to budget projects this way to facilitate the the County's progress toward its strategic goal in addressing housing, homelessness, and infrastructure needs.

Affordable Housing Development continues as one of the Board of Supervisor's top 10 Strategic Priorities for Year 2002. It was also identified as Orange County's highest priority need in the 2001/02, two year ARC funding process. As a result, over \$2.5 million in new block grant funding was allocated toward this program in FY 2002-2003. Combined with over \$5 million appropriated in fund 117 and the Redevelopment and general fund commitments to affordable housing development, over \$33 million is available for new projects in FY 2002/2003. H&CD will continue to solicit projects through a Request for Proposal (RFP) and Notice of Funding Availability (NOFA) for development of affordable rental housing. The goal of the RFP and NOFA is to promote the development of permanent affordable rental housing for Orange County's very-low and low-income households by providing favorable financing.

Changes Included in the Base Budget:

Due to the rising costs of staff, the slight decline in Block Grant funding, and the fixed amount of administrative fees received, it was necessary for H&CD to reduce positions in the FY 02/03 Budget. Four positions are being deleted; two of them are vacant and two of them will involve layoffs unless the incumbents are able to transfer/promote to other departments. Two additional positions are being "defunded" for FY 02/03. The incumbents were transferred to other positions and H&CD must carry the vacant positions so that employees currently employed in Limited Term Positions have a position when the Limited Term Program they support has ended.

The Proposed Budget includes \$6.5 million in new block grant funding and \$12.8 million in carry forward block grant and SuperNOFA funding for projects currently in progress and not anticipated to be completed by the end of FY 01/02. The grant amount is down slightly from the FY 01/02 amount of \$7 million in block grant and 12.9 million in carry forward.

The continued increase of Board emphasis on the development of affordable housing has resulted in an increased allocation of redevelopment funds. Project funds are not budgeted in fund 15G as they were in prior years. The almost \$19 million allocated for rehabilitation and affordable housing development is budgeted throughout the various redevelopment funds. Fund 15G only reflects the administrative and direct project costs that will be reimbursed to 15G over the year.

Although H&CD received \$8.77 million for the 2001 Super-NOFA Continuum of Care application, none of the awarded amount is reflected in H&CD's FY 02-03 Budget. This is due to the continued submission of an Associated Application. This type of Application allows individual applicants to contract directly with HUD for their funding. Funds are still appropriated in fund 15G for administration of the 1998 and 1999 contracts and in fund 117 for the ongoing planning and reporting responsibilities of the SuperNOFA applications and the Continuum of Care system.

In September 2001, H&CD was awarded an additional 820-rental assistance Housing Vouchers by HUD for a revised allocation of 8,989 vouchers. This resulted in an additional 12 positions, the conversion of 7 extra help positions to full time positions and an increase of \$490,843 in the Proposed Budget. Since then H&CD has also received an additional 40 enhancement vouchers for Garden Towers and 74 enhancement vouchers for Surfside Villas, bring the total number of vouchers to 9,103.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
Homeless Program Coordinator Amount:\$ 141,643	Transfer of the Homeless Program Coordinator and her associated programs from the CEO's office.	Transfer of the Homeless Program Coordinator and her associated programs from the CEO's office.	15G-001
Position Changes Amount:\$ (339,247)	Deletion of four positions and "defunding" of two positions.	Deletion of four positions and "defunding" of two positions.	15G-002

Final Budget and History:

Sources and Uses	FY 2000-2001 Actual Exp/Rev	FY 2001-2002 Final Budget	FY 2001-2002 Actual Exp/Rev ⁽¹⁾	FY 2002-2003 Final Budget	Change from FY 2001-2002 Actual	
					Amount	Percent
Total Positions	-	124	143	140	(3)	-2.10
Total Revenues	7,785,771	48,301,040	7,483,153	36,393,483	28,910,329	386.34
Total Requirements	15,352,399	48,301,040	18,130,114	36,393,483	18,263,368	100.73
Balance	(7,566,628)	0	(10,646,961)	0	10,646,961	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2001-02 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Housing/Community Development in the Appendix on page 529.

Highlights of Key Trends:

- As the supply of affordable new and resale housing decreases there is additional pressure for programs to address the needs of first time and low to moderate-income homebuyers.
- By the year 2005, the regional housing needs assessment for the unincorporated areas of Orange County calls for 22,687 additional housing units, about 7,000 of which should be affordable to very low and low income households. Of the 7,000 units 2,950 units are needed for low-income households and 4,084 for very low-income households.
- One-third of Orange County residents either pay more than 30% of their income on housing, live in overcrowded units, live far from their workplace, or live in substandard or poorly maintained housing.
- Job and population growth are far outstripping housing supply.
- According to a 1998 study by the Center on Budget and Policy Priorities of 45 major metropolitan areas in the country, Orange County has the highest ratio of low-income renter to low-cost housing units, with 4 low-income renters for every one low-cost unit.
- Many struggling families and seniors are living in motels because those units do not require deposits and rent week to week.
- It is estimated that there are over 19,000 homeless persons in Orange County on any given night.
- As rents increase, landlords are less likely to participate in Section 8 rental assistance programs unless HUD subsidies are commensurate with market rates.

Budget Units Under Agency Control

No.	Agency Name	Executive Administration	Admin & Community Development Service	Housing Finance & Policy	Housing Assistance	Total
117	OC Housing Authority- Operating Reserve	26,453	637,359	5,121,338	2,003,222	7,788,372
15G	Housing/Community Development	2,610,866	13,766,649	11,185,955	8,830,013	36,393,483
15U	Strategic Priority Affordable Housing	0	0	13,800,000	0	13,800,000
	Total	2,637,319	14,404,008	30,107,293	10,833,235	57,981,855